RV BUSINESS

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MAY 17, 1991

MALLARD DEBUTS COMPACT COACH: Mallard Coach Co. is targeting both domestic and foreign markets with a small, versatile Class A. See our news story on page 7.

Top Van Converters Report Sales Turnaround

The improvement in consumer confidence following the liberation of Kuwait led to a burst of activity at van-conversion manufacturers, reported several high-volume converters in late March and April.

The turnaround was dramatic according to spokesmen for Mark III Industries Inc., Ocala, Fla.; Glaval Inc., Elkhart, Ind.; Tiara Motor Coach Inc., Nappanee, Ind.; and Starcraft Automotive Corp., Goshen, Ind. All predicted the wholesale and retail markets would remain strong for the rest of 1991.

Despite a 59% decline in van conversion shipments when the first two months of 1991 are compared with last year, spring sales indicated a strong rebound, said leading converters. They issued the following output forecasts for their firms for the remainder of the 1991 calendar year:

- Mark III: 30,000 units in 1991, compared with 23,000 units in 1990.
- Glaval: Shipment of 18,000 units in 1991, compared with 16,000 units in 1990.
- Tiara: 13,000 units shipped in 1991, compared with 11,000 units in 1990.
- Starcraft: 12,000 units in 1991, compared with the new ownership's original goal of 10,000 for this year.

At Mark III, the largest-volume converter, Chairman Roy T. Boyd Jr. noted that demand was outstripping supply, with the converter building 95 units a day and selling 130 units a day as of mid-April. Boyd said he planned to increase Mark III

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Micro Makers, NHTSA Agree To Recall 10,000 Units

Four micro-minimotorhome manufacturers and the National Highway Traffic Safety Administration (NHTSA) have taken the first step in settlement of NHTSA's four-year micro investigation by launching a formal recall of some 10,000 allegedly defective units mounted on Toyota chassis.

Under the terms of a settlement announced in April, recalls will be initiated by Coachmen Industries Inc., Elkhart, Ind.; Gardner-Pacific Corp., Vallejo, Calif.; Leisure Odyssey Inc., San Bernardino, Calif.; and National RV, Perris, Calif. Units involved are those manufactured from 1978 to 1986 and equipped with aftermarket dual-rear-wheel assemblies.

Coachmen is slated to recall a total of 967 units, and Gardner-Pacific will recall approximatley 906 units manufactured under the Sunrader logo. National RV will send notices to about 8,000 owners of Dolphin micros. At presstime, NHTSA officials reported that talks were "ongoing" with Leisure Odyssey but that the company had agreed to recall 180 units manufactured between January and October of 1985.

The micro units involved in the recalls will have the semi-floating rear-axle assembly replaced with a full-floating rear axle manufactured by Japan-based Toyota Corp. The new axles are reportedly being turned out in a special production run that Toyota has de-

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7 1990's Leading RV Manufacturers Are Honored

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9 RV Owner Buys Elite Assets, Founds Firm

9 Ready-Made Seat Kit Offers Way To Meet FMVSS

10 Travel Rama Files Chap. 11

10 ABI Leisure Names New Top Officers

11 Mitchell Coach Purchases Vogue Assets

11 States Push RV Stickers On FMVSS

12 Choo Choo Customs Files Bankruptcy

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Camping Trailers Come Back ____ 22

After a two-year decline, makers of folding camping trailers foresee a rebound this year. A hallmark of 1991 is likely to be the impact of increased consolidation and competition among the top five manufacturers, who already control 85% of the market.

Slide-ins Stay Strong ____ 26

Truck campers were one of the few bright spots for the industry in 1990, and manufacturers predict that 1991 will see continued market strength at all price levels. One area to watch: the entry of industry giant Fleetwood Enterprises Inc. as a national marketer of slide-in campers.

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FEBRUARY BUMPS ALONG AT THE BOTTOM OF RECESSION

MORTON J. MARCUS

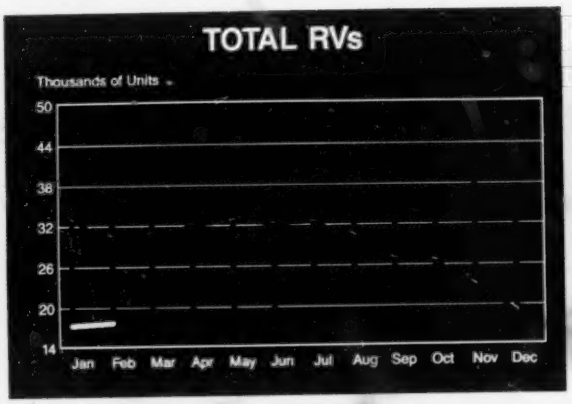


Figure 1

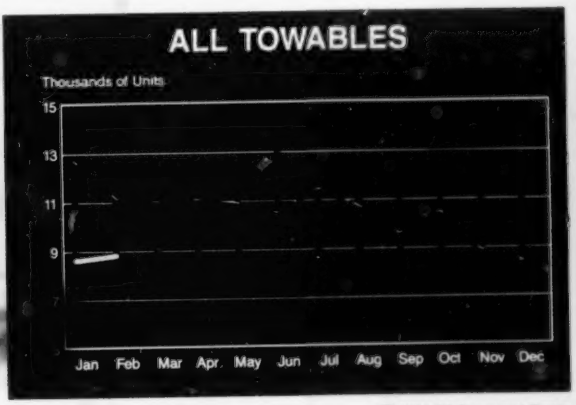


Figure 2

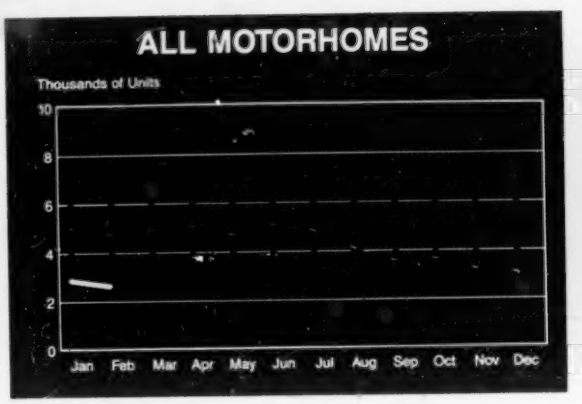


Figure 3

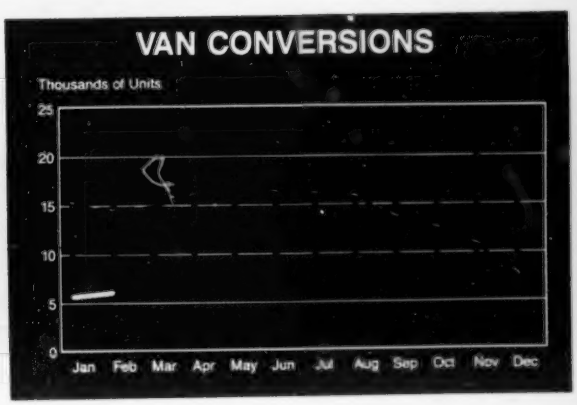


Figure 4

Business cycles have several stages. From a peak, there is a downward movement that we think of as a "recession." Once the downward movement has stopped but before an upward trend is established, we have a "bottom" or trough, which can be of short or long duration. Then there is an upward return to the previous peak, which is called a "recovery." Movement beyond the previous peak is an "expansion," which often ends with a flatness just before or after a new peak.

The economic news for February indicated the end of the recession and entry into the bottomland of the cycle. Housing starts were up, retail trade had improved, and auto sales were advancing. The war in Kuwait and Iraq was a television sensation. Toy makers, in anticipation of a great Christmas season, were preparing to redesign GI Joe to look like Stormin' Norman. And A.J. Foyt was getting ready for some more fast turns around the track at Indy.

But at the bottom, the economy does not race. It struggles to get off the ground. Wilbur Wright would be a better role model than an Indy 500 car driver.

How the economy looks is a function of the news that we hear. There are two types of news: 1. what actually happens; and 2. what happens in response to what actually happens.

Sales and profits are examples of the first type. Announcements of layoffs (as with Sears, IBM and USAir) are examples of the second type. Those announced employment reductions were responses to previous bad profits. There may never be actual layoffs; instead, new people may not be

GRAPHICS: DIGITAL LIF

hired at some unspecified time in the future. We hear it now and think of it as today, but it may only exist tomorrow.

The RV Perspective

News from the RV industry for February was consistent with the upbeat pulse of the month. But although the industry was still dancing, the music continued to be a minuet rather than a rumba. Total shipments reported by RVIA, after adjustment for seasonal variation, were up for the month. However, as you look at Figure 1, you may have trouble seeing the increase without aid of a powerful magnifying glass. The improvement was just over 1% (about 230 units), which is too small for illustration.

The flatness of early 1990 for total shipments ended in July of 1990. As Figure 1 shows, there has been a downward drift since then, which seems to have bottomed in January of this year at 17,520 units. From July to January, the slide was over 15,100 units, or 52%. Not many industries have suffered such a decline in this recession.

February shipments for the industry were worse this year than in the worst February of the last 10 years, which occurred in 1982. If the economy in general had such problems, President Bush would be at a low in popularity, and the TV talk shows would be focused on a national crisis.

Towables have had the least problems, if a 26% decline (3,000 units) from July to December of '90 can be seen as a minimal problem. *(See Figure 2.)* February was the second month in a row of improvement since that December '90 nadir. In two months, towable shipments have recovered nearly 14% of the loss since July 1990.

Motorhomes preceded towables into the recession. These units were virtually flat for the first six months of 1990, and then the loss from June 1990 to February 1991 was 49%, or 2,500 units. *(See Figure 3.)* February 1991 was the worst single month for motorhomes in the past 10 years.

In contrast, van conversions seem to have come off the floor in February. *(See Figure 4.)* January was the low point for these formerly popular units, which led all sectors into the recession. From a peak in May 1990, the volume of shipments had fallen 65% (more than 11,000 units) by January. Shipments in February were up from the 10-year low of January. Nonetheless, this February was as bad as any month seen in the recession year of 1982.

The Detailed View

Towables as a whole, as noted above, improved in February from a month earlier. However, as Figure 5 indicates, only conventional travel trailers showed improvement. Their major gain of 550 units, or 18%, overwhelmed the smaller declines in all other types of towables.

Compared with February of 1990, however, shipments of towables were down by more than 20%. Within this sad sector, only folding camping trailers declined by less than 10% from February of a year earlier.

For the second month in a row, no shipments of low-profile Class C motorhomes were reported. Since these are ordinarily low-volume units, the effect on Class C units as a group was minimal. Mini-

continued on page 46

RV SHIPMENTS—MONTHLY COMPARISONS

(Adjusted for seasonal variation)

Type of Units	Feb. '91	Change from Jan. '91 Number	Change from Jan. '91 %	Change from Feb. '90 Number	Change from Feb. '90 %
TOTAL RVs	17,740	230	1.3	-12,710	-41.7
Travel Trailers:					
Conventional	3,550	550	18.2	-890	-20.1
Park Models	390	-80	-17.4	-200	-34.0
Fifth-wheels	1,900	-20	-1.2	-770	-28.9
All Travel Trailers	5,830	440	8.2	-1,870	-24.2
Folding Camping Trailers	2,400	-260	-9.6	-200	-7.9
Truck Campers	640	-70	-10.0	-210	-25.1
TOTAL TOWABLES	8,870	110	1.3	-2,280	-20.5
Motorhomes:					
Class A	1,300	-210	-13.6	-1,400	-51.7
Class B	330	-50	-14.0	-110	-25.0
Class C:					
Minis	780	30	4.2	-490	-38.5
Low-Profiles	0	0	0.0	-80	-100.0
Micro-minis	180	-30	-12.9	-90	-34.6
Class C Total	960	10	0.5	-660	-40.9
TOTAL MOTORHOMES	2,590	-250	-8.9	-2,170	-45.6
TOTAL TOWABLES & MOTORHOMES	11,460	-140	-1.2	-4,450	-28.0
Multiuse Van Conversions	6,290	370	6.2	-8,250	-56.8

Note: Data rounded to nearest 10 units.

Figure 5

RV SHIPMENTS—ANNUAL COMPARISONS

(Adjusted for seasonal variation)

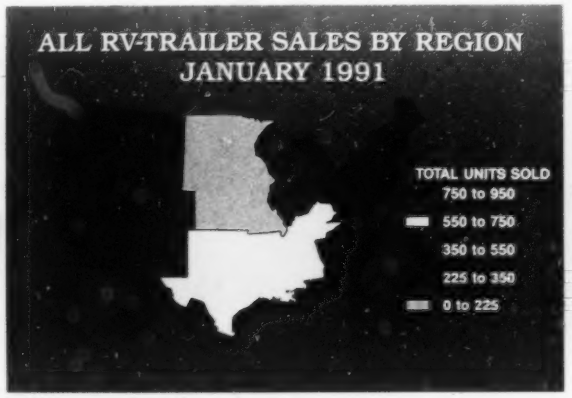
Type of Units	Year-to-Date 1991	Year-to-Date 1990	Difference Number	Difference %	% Market Share 1991	% Market Share 1990
TOTAL RVs	35,260	63,460	-28,200	-44.4	100.00	100.00
Travel Trailers:						
Conventional	6,550	9,400	-2,850	-30.3	18.57	14.81
Park Models	860	1,150	-290	-25.2	2.44	1.81
Fifth-wheels	3,820	5,370	-1,550	-28.9	10.83	8.46
All Travel Trailers	11,230	15,920	-4,690	-29.5	31.84	25.09
Folding Camping Trailers	5,050	6,220	-1,170	-18.9	14.31	9.80
Truck Campers	1,340	1,700	-360	-21.0	3.81	2.68
TOTAL TOWABLES	17,620	23,840	-6,220	-26.1	49.96	37.57
Motorhomes:						
Class A	2,810	5,500	-2,690	-48.9	7.97	8.67
Class B	710	940	-230	-24.1	2.02	1.48
Class C:						
Minis	1,530	2,520	-990	-39.2	4.34	3.97
Low-Profiles	0	210	-210	-100.0	0.00	0.33
Micro-minis	380	580	-200	-34.6	1.08	0.91
Class C Total	1,910	3,310	-1,400	-42.3	5.42	5.22
TOTAL MOTORHOMES	5,440	9,750	-4,310	-44.2	15.42	15.36
TOTAL TOWABLES & MOTORHOMES	23,050	33,590	-10,540	-31.4	65.38	52.93
Multiuse Van Conversions	12,210	29,870	-17,660	-59.1	34.62	47.07

Note: Data rounded to nearest 10 units; market-share percentages may not add to total because of rounding.

Figure 6

JANUARY NEARS BOTTOM OF SALES DOWNTURN

THOMAS WALWORTH



East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

As 1991 opened, January's RV retail-sales figures showed that the RV-trailer market was down 20.9%, while the motorhome market had declined 39.8% compared with January 1990 sales levels.

The 20.9% decline for RV-trailer sales in January equaled a 1,013-unit deficit compared with the same month of '90. Figure 1 shows the seven regions of the country ranked according to the percent of change in trailer sales for the month.

Among RV trailers, the East North Central region led the regional rankings, with Illinois reporting the largest percentage gain for January in that region. At the bottom of the rankings was the Northeast region, and Rhode Island turned in the worst monthly performance among those states.

The motorhome market experienced an even worse January in terms of retail sales. Motorhome registrations fell by 39.8%, the equivalent of a 1,178-unit shortfall compared with the tally for January of last year.

Figure 2 ranks the seven national regions by the percent of change in motorhome sales from January of last year. The Pacific region topped the list in terms of motorhome sales gains, and Oregon experienced the best performance in that market. The Northeast region trailed the pack, with Maine having the largest decline compared with January 1990.

We expect to see a strong finish to 1991.

The dismal figures of January 1991 were a continuation of the market's downward trend in December 1990. There is reason to believe, however, that the industry's downturn may be close to bottoming out.

In future months, we expect to find that, while the market started 1990 on a very aggressive track and then slipped, 1991 will see a slow start followed by a strong finish. Certainly, all signs are that the severe sales declines the market experienced last fall have disappeared. We are looking forward to an improving market during the rest of 1991. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

RV TRAILERS, JAN. '91
Jan. '91 Rank
Region
% of Change From Jan. '90
Jan. '90 Rank
1 E.N. Central 0.0 1
2 S. Atlantic -9.7 4
3 Pacific -15.7 6
4 Mountain -27.4 3
5 W.N. Central -27.8 5
6 S. Central -35.1 2
7 Northeast -36.8 7

Figure 1

MOTORHOMES, JAN. '91
Jan. '91 Rank
Region
% of Change From Jan. '90
Jan. '90 Rank
1 Pacific -31.3 3
2 W.N. Central -31.7 4
3 E.N. Central -34.6 1
4 S. Central -43.3 5
5 Mountain -47.7 2
6 S. Atlantic -49.2 6
7 Northeast -51.1 7

Figure 2

GRAPHICS: DIGITAL LIFE

PROFITMAKERS

SURGE *from page 44*

after sitting more than a month, leading to "varnishing," a gummy residue that clogs the carburetor. Varnishing may not be noticeable in a vehicle engine, but the loss of efficiency in a smaller genset engine is serious. The symptoms are rough running and surging, which can even damage appliances.

Naturally, dealers want to move their motorized units faster than 30 days, but just in case you have a few that sit longer, adding some ONAFRESH, a preservative from Onan Corp., will delete this source of consumer dissatisfaction. And while you're at it, customers will appreciate learning about the need to use ONAFRESH, which is, of course, conveniently available in your store.

To learn more, contact Onan Corp., 1400 73rd Ave. N.E., Minneapolis MN 55432; (612) 574-5000. Δ—*John Thompson*

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NO MORE SCRAPING BY HAND...
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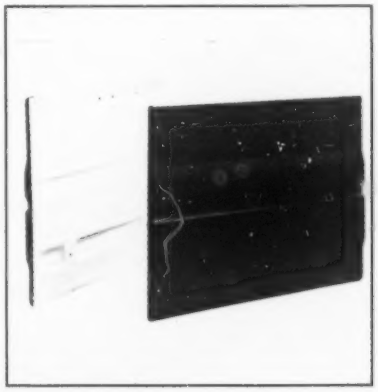
Microphor Offers 12-Volt DC Toilet

The Microflush Model LF-220 operates on 12 volts of DC power, making it ideal for RVs, boats and portable sanitation applications. Microflush toilets are full-size and are available in round or elongated bowl styles. Made of vitreous china, they are available in three standard colors as well as custom colors to fit any decor. Microphor Inc., 452 E. Hill Road, P.O. Box 1460, Willits, Calif. 95490; (707) 459-5563 or (800) 358-8280.



All-Pro Introduces Injection-Molded Doors

Motorhome baggage doors are now being injection-molded by All-Pro Enterprises Inc. This high-tech injection process produces a fully cosmetic, one-piece, two-sided door made with a core of high-density urethane with a hybrid polyester-polyurethane skin. This allows the door to be painted or produced with an automotive finish. The All-Pro process can fluctuate in thickness to meet customer design needs and can incorporate backings for hinges, locks and other accessories. All-Pro Enterprises Inc., 22970 Pine Creek Road, Elkhart, Ind. 46516; (219) 522-8006.

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RVIA SHIPMENTS *from page 17*

motorhomes had a positive month in February, up by a minimal amount from January. Micro-minis were down, but the net result for Class C units overall was positive.

Remember that the data shown in Figures 5 and 6 are rounded to the nearest 10 units. Hence, we can have one group down by 26 units and another up by 34 units, with each showing a change of 30, as in Figure 5. The net change for a sum of 6 appears in the figure as 10. This is the wonder of small changes and data rounding. RVIA data are rounded to the nearest 100 units and conceal even more information.

During February, Class A and Class B motorhomes both declined compared with the preceding month and the same month a year earlier. In both instances, however, the declines were smaller than in January. Thus, the pace of decline for motorhomes had slowed dramatically. This, too, indicates a bottoming of the recession.

The slight rise in van conversion shipments for February was the first good news in this sector in more than half a year. The slide of van conversions had brought these units from 47% of the total RV market to less than 35%. *(See Figure 6.)* The decline of nearly 18,000 units for the year-to-date shipments of van conversions meant that almost 63% of the industry's 28,200-unit deficit as of February was in this one sector.

All types of RVs were running behind last year's pace as of February. In percentage terms, the best of the lot were folding camping trailers, which were down by almost 19%.

With the massive decline in van conversions, there has been a 12.45 market-share point drop by these units. Virtually all but a tiny amount of this shift has been gained by towables. Motorhomes have not been able to capitalize on the problems of van conversions because both types of units are subject to similar market forces.

What's Next?

Now we await next month's data. Will March shipments show that the rebound began in February, or was that just a bump along the bottom? As some wit has noted, when a body falls to the ground from a high building, it bounces up—a little bit.

We believe that the recession phase of the business cycle *is* over. The recovery may not be in full swing, but the latest data suggest no material deterioration and even give hope that better days are ahead. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.